

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376

STERLING, KANSAS

JUNE 30, 2009

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376

TABLE OF CONTENTS

June 30, 2009

INDEPENDENT AUDITORS' REPORT.....	1
FINANCIAL STATEMENTS	
STATEMENT 1	
Summary of Cash Receipts, Expenditures, and Unencumbered Cash - Regulatory Basis.....	2-3
STATEMENT 2	
Summary of Expenditures - Regulatory Basis (Actual and Budget).....	4
STATEMENT 3	
Statement of Cash Receipts and Expenditures - Regulatory Basis (Actual and Budget)	
General Fund.....	5-7
Supplemental General Fund.....	8-9
Capital Outlay Fund.....	10
Driver Training Fund.....	11
Food Service Fund.....	12
Professional Development Fund.....	13
Special Education Fund.....	14
Vocational Education Fund.....	15
Recreation Commission Fund.....	16
Federal Funds.....	17
KPERs Special Retirement Contribution Fund.....	18
At Risk Fund (4 year old).....	19
At Risk Fund (K-12).....	20
Bond and Interest Fund.....	21
Statement of Cash Receipts and Expenditures - Regulatory Basis	
Nonbudgeted Funds.....	22
Capital Projects Nonbudgeted Funds.....	23
STATEMENT 4	
Statement of Cash Receipts and Disbursements - Regulatory Basis	
Agency Funds.....	24
STATEMENT 5	
Statement of Cash Receipts, Expenditures, and Unencumbered Cash - Regulatory Basis	
District Activity Funds.....	25
STATEMENT 6	
Statement of Cash Receipts and Expenditures - Regulatory Basis	
Rice County Unified School District No. 376 Recreation Commission.....	26
NOTES TO THE FINANCIAL STATEMENTS.....	27-35

INDEPENDENT AUDITORS' REPORT

Edward C. Michel, CPA

Michael E. Evans, CPA

Roger W. Field, CPA

Gregory D. Daughettee, CPA

Clark R. Cowl, CPA

Todd V. Pflughoeft, CPA

Robert D. Schraeder, CPA

Steven R. Stoecklein, CPA

Kenneth D. Hamby, CPA

John W. Denney, CPA

Michael R. Meisenheimer, CPA

Nick L. Mueting, CPA

Board of Education
Rice County Unified School District No. 376
Sterling, Kansas

We have audited the accompanying financial statements of Rice County Unified School District No. 376, Sterling, Kansas as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of Rice County Unified School District No. 376's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the *Kansas Municipal Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of U.S.D. 376's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1, U.S.D. 376 prepared these financial statements on a prescribed basis that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The differences between the regulatory basis of accounting and accounting principles generally accepted in the United States are also described in note 1.

In our opinion, because of the U.S.D. 376's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States, the financial position of U.S.D. 376, as of June 30, 2009, or the results of its operations for the year then ended.

However, in our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the cash and unencumbered cash balances of U.S.D. 376, as of June 30, 2009, and its cash receipts, expenditures, and budgetary results for the year then ended on the basis of accounting described in note 1.



Certified Public Accountants

Hutchinson, Kansas
October 1, 2009

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376
Sterling, Kansas

A SUMMARY OF CASH RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH -
REGULATORY BASIS
For the Fiscal Year Ended June 30, 2009

Statement 1
Page 1 of 2

Funds	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
General	\$ -	\$ -	\$ 4,660,889	\$ 4,660,889	\$ -	\$ 436,496	\$ 436,496
Supplemental general	13,813	-	1,311,501	1,310,800	14,514	24,437	38,951
Special revenue							
Capital outlay	198,000	-	21,838	99,465	120,373	-	120,373
Driver training	14,750	-	4,333	5,208	13,875	1,087	14,962
Food service	42,986	-	310,404	314,027	39,363	19,926	59,289
Professional development	9,849	-	17,525	22,990	4,384	-	4,384
Special education	30,001	-	852,313	866,830	15,484	131,853	147,337
Vocational education	-	-	190,021	190,021	-	28,776	28,776
Recreation Commission	4,456	-	75,151	79,607	-	-	-
Federal	1,229	-	106,612	106,612	1,229	14,009	15,238
KPERS special retirement contribution	-	-	233,797	233,797	-	-	-
At risk (4 year old)	-	-	11,963	11,963	-	-	-
At risk (K-12)	-	-	360,113	360,113	-	35,324	35,324
Contingency reserve	42,498	-	-	-	42,498	-	42,498
Memorial scholarship	145,820	-	15,008	6,457	154,371	-	154,371
Uniform replacement	21,187	-	100	1,880	19,407	-	19,407
Other grants	1,000	-	1,800	2,562	238	-	238
Textbook rental	14,593	-	10,720	24,193	1,120	-	1,120
District activity (statement 5)	9,621	-	34,781	40,849	3,553	-	3,553
Debt service	-	-	406,352	116,326	290,026	-	290,026
Bond and interest	-	-	20,762,044	1,028,423	19,733,621	-	19,733,621
Capital projects	-	-	-	-	-	-	-
TOTAL PRIMARY GOVERNMENT	549,803	-	29,387,265	9,483,012	20,454,056	691,908	21,145,964
COMPONENT UNIT							
Recreation Commission	30,847	-	135,327	116,471	49,703	2,002	51,705
TOTAL REPORTING ENTITY (excluding agency funds)	\$ 580,650	\$ -	\$ 29,522,592	\$ 9,599,483	\$ 20,503,759	\$ 693,910	\$ 21,197,669

The notes to the financial statements are an integral part of this statement.

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376
Sterling, Kansas

SUMMARY OF CASH RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH -
REGULATORY BASIS
For the Fiscal Year Ended June 30, 2009

Statement 1
Page 2 of 2

COMPOSITION OF CASH

Checking accounts	
First Bank, Sterling, Kansas	\$ 4,831,925
Alden State Bank, Alden, Kansas	46,942
Kansas municipal investment pool	15,151,930
Certificates of deposit - First Bank, Sterling, Kansas	134,188
Certificates of deposit - Alden State Bank, Alden, Kansas	1,000,185
Total component unit	<u>51,705</u>
 TOTAL CASH	 21,216,875
AGENCY FUNDS PER STATEMENT 4	<u>(19,206)</u>
 TOTAL REPORTING ENTITY (excluding agency funds)	 <u><u>\$ 21,197,669</u></u>

The notes to the financial statements are an integral part of this statement.

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376
Sterling, Kansas

SUMMARY OF EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
(BUDGETED FUNDS ONLY)
For the Fiscal Year Ended June 30, 2009

Funds	Certified Budget	Adjustment to		Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
		Comply with Legal Max	Legal Max				
General	\$ 4,726,465	\$ (248,145)	\$	182,569	\$ 4,660,889	\$ 4,660,889	\$ -
Supplemental general	1,310,800	-	-	-	1,310,800	1,310,800	-
Special revenue							
Capital outlay	212,000	-	-	-	212,000	99,465	(112,535)
Driver training	7,000	-	-	-	7,000	5,208	(1,792)
Food service	368,260	-	-	-	368,260	314,027	(54,233)
Professional development	18,358	-	-	-	18,358	22,990	4,632
Special education	994,108	-	-	-	994,108	866,830	(127,278)
Vocational education	200,000	-	-	-	200,000	190,021	(9,979)
Recreation commission	83,000	-	-	-	83,000	79,607	(3,393)
Federal	273,628	-	-	-	273,628	106,612	(167,016)
KPERS special retirement contribution	254,275	-	-	-	254,275	233,797	(20,478)
At risk (4 year old)	18,000	-	-	-	18,000	11,963	(6,037)
At risk (K-12)	360,000	-	-	-	360,000	360,113	113
Debt service							
Bond and interest	-	-	-	-	-	116,326	116,326

The notes to the financial statements are an integral part of this statement.

Statement 2

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376
Sterling, Kansas

GENERAL FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For the Fiscal Year Ended June 30, 2009

Statement 3
Page 1 of 19

	Actual	Budget	Variance Over (Under)
CASH RECEIPTS			
Tax in process	\$ 15,862	\$ 20,939	\$ (5,077)
Current tax	373,406	362,599	10,807
Delinquent tax	5,948	4,786	1,162
In lieu tax	318	-	318
General state aid	3,472,216	3,579,038	(106,822)
General state special education aid	610,570	758,993	(148,423)
Federal aid	145,000	-	145,000
Reimbursements	37,569	-	37,569
TOTAL CASH RECEIPTS	4,660,889	\$ 4,726,355	\$ (65,466)
EXPENDITURES			
Instruction			
Salaries			
Certified	1,580,756	\$ 1,579,145	\$ 1,611
Noncertified	86,803	80,876	5,927
Employee benefits			
Insurance	189,501	160,000	29,501
Social Security	127,128	118,000	9,128
Other	1,659	1,820	(161)
Purchased professional services	-	36,000	(36,000)
Other purchased services			
Tuition	-	34,000	(34,000)
Other	96,558	-	96,558
Supplies			
General supplemental (teaching)	170,627	120,000	50,627
Textbooks	6,160	-	6,160
Miscellaneous supplies	13,868	90,000	(76,132)
Property	-	9,670	(9,670)
Support services			
Student support services			
Salaries			
Certified	99,355	100,021	(666)
Noncertified	22,693	22,665	28
Employee benefits			
Insurance	492	300	192
Social Security	8,761	8,650	111
Other	89	600	(511)
Supplies	2,454	3,000	(546)
Instructional support staff			
Salaries			
Certified	45,991	45,775	216
Noncertified	35,069	37,518	(2,449)
Employee benefits			
Insurance	12,492	13,200	(708)
Social Security	5,512	5,850	(338)
Other	69	120	(51)
Supplies	11,358	-	11,358
Purchased professional services	-	14,000	(14,000)
Other purchased services	-	90	(90)

The notes to the financial statements are an integral part of this statement.

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376
Sterling, Kansas

GENERAL FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For the Fiscal Year Ended June 30, 2009

Statement 3
Page 2 of 19

	Actual	Budget	Variance Over (Under)
EXPENDITURES (continued)			
General administration			
Salaries			
Certified	\$ 117,753	\$ 93,720	\$ 24,033
Noncertified	26,757	26,326	431
Employee benefits			
Insurance	9,192	8,500	692
Social Security	8,631	8,750	(119)
Other	108	125	(17)
Purchased professional services	9,000	16,000	(7,000)
Purchased property services	-	3,100	(3,100)
Other purchased services			
Communications	9,099	17,100	(8,001)
Other	17,996	6,600	11,396
Supplies	-	3,522	(3,522)
Property	15,042	13,219	1,823
Other	4,000	17,800	(13,800)
School administration			
Salaries			
Certified	142,220	142,300	(80)
Noncertified	89,478	82,000	7,478
Employee benefits			
Insurance	11,166	11,300	(134)
Social Security	16,450	17,200	(750)
Other	206	250	(44)
Purchased professional services	1,196	-	1,196
Purchased property services	-	550	(550)
Other purchased services			
Communications	11,919	4,900	7,019
Other	-	2,250	(2,250)
Supplies	11,301	10,500	801
Other	-	9,500	(9,500)
Operations and maintenance			
Salaries			
Noncertified	234,289	226,902	7,387
Employee benefits			
Insurance	23,576	24,800	(1,224)
Social Security	17,171	18,000	(829)
Other	215	250	(35)
Purchased property services			
Repair and maintenance	-	6,500	(6,500)
Repair of buildings	7,160	-	7,160
Other purchased services			
Insurance	32,580	40,000	(7,420)
Other	90,000	-	90,000
Property	20,464	-	20,464

The notes to the financial statements are an integral part of this statement.

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376
Sterling, Kansas

GENERAL FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For the Fiscal Year Ended June 30, 2009

Statement 3
Page 3 of 19

	Actual	Budget	Variance Over (Under)
EXPENDITURES (continued)			
Vehicle operating services			
Salaries			
Noncertified	\$ 96,299	\$ 98,030	\$ (1,731)
Employee benefits			
Insurance	2,992	2,050	942
Social Security	5,760	7,100	(1,340)
Other	1,608	200	1,408
Other purchased services			
Mileage In lieu of transportation	-	4,000	(4,000)
Insurance	6,931	8,500	(1,569)
Motor fuel	48,187	80,000	(31,813)
Equipment	-	8,000	(8,000)
Other	82,834	60,000	22,834
Other supplemental service			
Salaries			
Noncertified	36,760	35,379	1,381
Employee benefits			
Insurance	4,596	5,000	(404)
Social Security	2,352	2,600	(248)
Other	30	42	(12)
Purchased professional and technical services	3,000	3,300	(300)
Fund transfers			
Transfer to food service	72,911	25,000	47,911
Transfer to professional development	15,148	15,000	148
Transfer to special education	425,933	759,000	(333,067)
Transfer to vocational education	190,021	200,000	(9,979)
Transfer to at risk (4 year old)	1,975	15,000	(13,025)
Transfer to at risk (K-12)	219,188	105,000	114,188
Legal general fund budget	4,660,889	4,726,465	(65,576)
Adjustment to comply with legal max	-	(248,145)	248,145
Adjustment for qualifying budget credits	-	182,569	(182,569)
TOTAL EXPENDITURES	4,660,889	<u>\$ 4,660,889</u>	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	-		
UNENCUMBERED CASH, BEGINNING	-		
UNENCUMBERED CASH, ENDING	<u>\$ -</u>		

The notes to the financial statements are an integral part of this statement.

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376
Sterling, Kansas

SUPPLEMENTAL GENERAL FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For the Fiscal Year Ended June 30, 2009

Statement 3
Page 4 of 19

	Actual	Budget	Variance Over (Under)
CASH RECEIPTS			
Tax in process	\$ -	\$ 31,948	\$ (31,948)
Current tax	512,743	482,563	30,180
Delinquent tax	9,993	6,314	3,679
Motor vehicle tax	80,176	67,462	12,714
Recreational vehicle tax	1,675	1,784	(109)
In lieu of taxes	-	-	-
Supplemental state aid	706,914	706,914	-
TOTAL CASH RECEIPTS	<u>1,311,501</u>	<u>\$ 1,296,985</u>	<u>\$ 14,516</u>
EXPENDITURES			
Instruction			
Employee benefits			
Other	-	\$ 1,485	\$ (1,485)
Supplies			
Textbooks	-	1,000	(1,000)
Supplies (technology)	-	325,000	(325,000)
Other purchased services			
Other	6,570	-	6,570
Support services			
Student support services			
Salaries			
Certified	-	19,500	(19,500)
Operations and maintenance			
Purchased professional services	66,531	72,000	(5,469)
Purchased property services			
Water/sewer	8,630	12,000	(3,370)
Repair of buildings	65,769	30,000	35,769
Other purchased services	64,641	-	64,641
Supplies	-	70,000	(70,000)
Energy			
Heating	38,609	70,000	(31,391)
Electricity	112,280	120,000	(7,720)
Property	6,913	28,000	(21,087)
Operations and maintenance (transportation)			
Purchased property services	-	24,315	(24,315)
Vehicle operating services			
Equipment	-	80,000	(80,000)

The notes to the financial statements are an integral part of this statement.

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376
Sterling, Kansas

SUPPLEMENTAL GENERAL FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For the Fiscal Year Ended June 30, 2009

Statement 3
Page 5 of 19

	Actual	Budget	Variance Over (Under)
EXPENDITURES (continued)			
General administration			
Salaries			
Noncertified	\$ 16,945	\$ -	\$ 16,945
Other supplemental services			
Salaries			
Certified	99,090	-	99,090
Employee benefits			
Insurance	9,192	-	9,192
Social Security	7,026	-	7,026
Other	88	-	88
Purchased professional services	22,487	-	22,487
Other purchased services	26,176	-	26,176
Supplies	133,245	-	133,245
Property	49,315	-	49,315
Architectural and engineering services	-	20,000	(20,000)
Fund transfers			
Transfer to special education	426,380	230,000	196,380
Transfer to food service	-	60,000	(60,000)
Transfer to professional development	-	4,500	(4,500)
Transfer to at risk (4 year old)	9,988	3,000	6,988
Transfer to at risk (K-12)	140,925	140,000	925
TOTAL EXPENDITURES	<u>1,310,800</u>	<u>\$ 1,310,800</u>	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	701		
UNENCUMBERED CASH, BEGINNING	<u>13,813</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 14,514</u>		

The notes to the financial statements are an integral part of this statement.

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376
Sterling, Kansas

CAPITAL OUTLAY FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For the Fiscal Year Ended June 30, 2009

Statement 3
Page 6 of 19

	Actual	Budget	Variance Over (Under)
CASH RECEIPTS			
Tax in process	\$ -	\$ 1,112	\$ (1,112)
Current tax	7,923	7,445	478
Delinquent tax	276	270	6
Motor vehicle tax	1,124	928	196
Recreational vehicle tax	-	25	(25)
In lieu of taxes	24	-	24
Interest on idle funds	4,970	7,700	(2,730)
Miscellaneous	4,450	4,000	450
Capital outlay state aid	3,071	3,075	(4)
TOTAL CASH RECEIPTS	<u>21,838</u>	<u>\$ 24,555</u>	<u>\$ (2,717)</u>
EXPENDITURES			
Support services			
Student support services			
Property	-	\$ 22,000	\$ (22,000)
Transportation			
Property	73,360	80,000	(6,640)
Other support services			
Property	-	35,000	(35,000)
Facilities acquisition and construction services			
Land improvement	-	75,000	(75,000)
Architectural and engineering services	26,105	-	26,105
TOTAL EXPENDITURES	<u>99,465</u>	<u>\$ 212,000</u>	<u>\$ (112,535)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(77,627)		
UNENCUMBERED CASH, BEGINNING	<u>198,000</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 120,373</u>		

The notes to the financial statements are an integral part of this statement.

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376
Sterling, Kansas

DRIVER TRAINING FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For the Fiscal Year Ended June 30, 2009

Statement 3
Page 7 of 19

	Actual	Budget	Variance Over (Under)
CASH RECEIPTS			
Fees	\$ 3,383	\$ 3,600	\$ (217)
State safety aid	950	3,888	(2,938)
TOTAL CASH RECEIPTS	<u>4,333</u>	<u>\$ 7,488</u>	<u>\$ (3,155)</u>
EXPENDITURES			
Instruction			
Salaries			
Certified	4,167	\$ 5,000	\$ (833)
Employee benefits			
Social Security	310	350	(40)
Other	3	6	(3)
Supplies			
General supplemental (teaching)	153	550	(397)
Other	575	60	515
Support services			
Operations and maintenance			
Supplies	-	334	(334)
Motor fuel - not school bus	-	400	(400)
Vehicle operation and maintenance			
Insurance	-	300	(300)
TOTAL EXPENDITURES	<u>5,208</u>	<u>\$ 7,000</u>	<u>\$ (1,792)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(875)		
UNENCUMBERED CASH, BEGINNING	<u>14,750</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 13,875</u>		

The notes to the financial statements are an integral part of this statement.

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376
Sterling, Kansas

FOOD SERVICE FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For the Fiscal Year Ended June 30, 2009

Statement 3
Page 8 of 19

	Actual	Budget	Variance Over (Under)
CASH RECEIPTS			
Federal aid	\$ 135,603	\$ 157,525	\$ (21,922)
State aid	3,426	4,500	(1,074)
Student sales - lunch	88,120	103,800	(15,680)
Student sales - breakfast	173	2,250	(2,077)
Student sales - special milk	354	900	(546)
Miscellaneous	432	75	357
Adult sales	7,694	14,225	(6,531)
Ala carte	1,691	-	1,691
Transfer from supplemental general	-	60,000	(60,000)
Transfer from general	72,911	25,000	47,911
TOTAL CASH RECEIPTS	<u>310,404</u>	<u>\$ 368,275</u>	<u>\$ (57,871)</u>
EXPENDITURES			
Support services			
Operations and maintenance			
Salaries			
Noncertified	-	\$ 2,500	\$ (2,500)
Employee benefits			
Social Security	-	160	(160)
Other	-	6	(6)
Energy			
Heating	-	10,022	(10,022)
Electricity	-	10,022	(10,022)
Motor fuel - not school bus	-	2,000	(2,000)
Other	-	1,800	(1,800)
Other	-	600	(600)
Operation noninstitutional services			
Food service operation			
Salaries			
Noncertified	129,282	119,900	9,382
Employee benefits			
Insurance	9,729	13,870	(4,141)
Social Security	9,308	9,150	158
Other	117	230	(113)
Supplies			
Food and milk	152,589	175,000	(22,411)
Miscellaneous supplies	9,718	12,000	(2,282)
Property	3,311	10,000	(6,689)
Other	(27)	1,000	(1,027)
TOTAL EXPENDITURES	<u>314,027</u>	<u>\$ 368,260</u>	<u>\$ (54,233)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(3,623)		
UNENCUMBERED CASH, BEGINNING	<u>42,986</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 39,363</u>		

The notes to the financial statements are an integral part of this statement.

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376
Sterling, Kansas

PROFESSIONAL DEVELOPMENT FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For the Fiscal Year Ended June 30, 2009

Statement 3
Page 9 of 19

	Actual	Budget	Variance Over (Under)
CASH RECEIPTS			
State in-service aid	\$ 2,377	\$ 4,726	\$ (2,349)
Transfer from general	15,148	15,000	148
Transfer from supplemental general	-	4,500	(4,500)
TOTAL CASH RECEIPTS	<u>17,525</u>	<u>\$ 24,226</u>	<u>\$ (6,701)</u>
EXPENDITURES			
Support services			
Instructional support staff			
Salaries			
Certified	3,928	\$ 4,000	\$ (72)
Noncertified	3,340	3,000	340
Employee benefits			
Social Security	564	500	64
Other	6	8	(2)
Purchased professional and tech services	2,900	2,900	-
Purchased property services	-	3,450	(3,450)
Other purchased services	10,921	3,000	7,921
Supplies			
Miscellaneous supplies	1,331	1,500	(169)
TOTAL EXPENDITURES	<u>22,990</u>	<u>\$ 18,358</u>	<u>\$ 4,632</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(5,465)		
UNENCUMBERED CASH, BEGINNING	<u>9,849</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 4,384</u>		

The notes to the financial statements are an integral part of this statement.

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376
Sterling, Kansas

SPECIAL EDUCATION FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For the Fiscal Year Ended June 30, 2009

Statement 3
Page 10 of 19

	Actual	Budget	Variance Over (Under)
CASH RECEIPTS			
Transfer from supplemental general	\$ 426,380	\$ 230,000	\$ 196,380
Transfer from general	425,933	759,000	(333,067)
TOTAL CASH RECEIPTS	<u>852,313</u>	<u>\$ 989,000</u>	<u>\$ (136,687)</u>
EXPENDITURES			
Instruction			
Other purchased services			
Payments to special education co-op	811,869	\$ 926,000	\$ (114,131)
Supplies			
General supplemental	4,908	4,000	908
Property	161	18,000	(17,839)
Support services			
Student transportation services			
Salaries			
Noncertified	-	12,000	(12,000)
Employee benefits			
Social Security	-	1,100	(1,100)
Other	-	15	(15)
Vehicle operating services			
Salaries			
Noncertified	19,364	16,000	3,364
Employee benefits			
Social Security	1,584	1,250	334
Other	19	850	(831)
Purchased property services			
Rent of vehicles	12,993	12,993	-
Other purchased services			
Mileage in lieu of Trans	-	1,500	(1,500)
Insurance	531	400	131
Supplies			
Motor fuel	2,387	-	2,387
Vehicle services and maintenance services			
Purchased property services	13,014	-	13,014
TOTAL EXPENDITURES	<u>866,830</u>	<u>\$ 994,108</u>	<u>\$ (127,278)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(14,517)		
UNENCUMBERED CASH, BEGINNING	<u>30,001</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 15,484</u>		

The notes to the financial statements are an integral part of this statement.

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376
Sterling, Kansas

VOCATIONAL EDUCATION FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For the Fiscal Year Ended June 30, 2009

Statement 3
Page 11 of 19

	Actual	Budget	Variance Over (Under)
CASH RECEIPTS			
Transfer from general	\$ 190,021	\$ 200,000	\$ (9,979)
EXPENDITURES			
Instruction			
Salaries			
Certified	148,242	\$ 146,305	\$ 1,937
Employee benefits			
Insurance	8,573	8,765	(192)
Social Security	10,644	11,000	(356)
Other	133	275	(142)
Purchased professional and technical services	-	455	(455)
Supplies			
General supplemental	13,467	16,600	(3,133)
Property	8,962	16,600	(7,638)
TOTAL EXPENDITURES	<u>190,021</u>	<u>\$ 200,000</u>	<u>\$ (9,979)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	-		
UNENCUMBERED CASH, BEGINNING	-		
UNENCUMBERED CASH, ENDING	<u>\$ -</u>		

The notes to the financial statements are an integral part of this statement.

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376
Sterling, Kansas

RECREATION COMMISSION FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For the Fiscal Year Ended June 30, 2009

Statement 3
Page 12 of 19

	Actual	Budget	Variance Over (Under)
CASH RECEIPTS			
Tax in process	\$ -	\$ 4,122	\$ (4,122)
Current tax	64,648	60,812	3,836
Delinquent tax	-	812	(812)
Motor vehicle tax	10,287	8,682	1,605
Recreational vehicle tax	216	230	(14)
TOTAL CASH RECEIPTS	<u>75,151</u>	<u>\$ 74,658</u>	<u>\$ 493</u>
EXPENDITURES			
Community service operations	<u>79,607</u>	<u>\$ 83,000</u>	<u>\$ (3,393)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(4,456)		
UNENCUMBERED CASH, BEGINNING	<u>4,456</u>		
UNENCUMBERED CASH, ENDING	<u>\$ -</u>		

The notes to the financial statements are an integral part of this statement.

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376
Sterling, Kansas

FEDERAL FUNDS
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For the Fiscal Year Ended June 30, 2009

Statement 3
Page 13 of 19

	Title I - Local Educational Agencies	Title V - Innovative Programs	Title II - Educational Technology	Title II - Improving Teacher Quality	Coordinated School Health Program	Library Grants	Total Federal Funds Actual	Total Federal Funds Budget	Variance Over (Under)
CASH RECEIPTS									
Federal aid	\$ 81,614	\$ -	\$ 780	\$ 24,218	\$ -	\$ -	\$ 106,612	\$ 273,628	\$ (167,016)
EXPENDITURES									
Instruction									
Salaries									
Certified	61,367	-	-	23,445	-	-	84,812	183,650	(98,838)
Noncertified	-	-	-	-	-	-	-	21,500	(21,500)
Employee benefits									
Insurance	11,490	-	-	-	-	-	11,490	26,000	(14,510)
Social Security	6,979	-	-	763	-	-	7,742	17,000	(9,258)
Other	87	-	-	10	-	-	97	-	97
Purchased professional services	-	-	780	-	-	-	780	3,000	(2,220)
Supplies									
Miscellaneous supplies	1,674	-	-	-	-	-	1,674	-	1,674
Other	17	-	-	-	-	-	17	-	17
Support services									
Operations and maintenance	-	-	-	-	-	-	-	22,478	(22,478)
Property	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	81,614	-	780	24,218	-	-	106,612	\$ 273,628	\$ (167,016)
RECEIPTS OVER (UNDER) EXPENDITURES	-	-	-	-	-	-	-	-	-
UNENCUMBERED CASH, BEGINNING	-	-	-	-	1,229	-	1,229	-	-
UNENCUMBERED CASH, ENDING	\$ -	\$ -	\$ -	\$ -	\$ 1,229	\$ -	\$ 1,229	-	-

The notes to the financial statements are an integral part of this statement.

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376
Sterling, Kansas

KPERS SPECIAL RETIREMENT CONTRIBUTION FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For the Fiscal Year Ended June 30, 2009

Statement 3
Page 14 of 19

	Actual	Budget	Variance Over (Under)
	<u>Actual</u>	<u>Budget</u>	<u>(Under)</u>
CASH RECEIPTS			
State KPERS	\$ 233,797	\$ 254,275	\$ (20,478)
EXPENDITURES			
Instruction			
Employee benefits	112,434	\$ 161,210	\$ (48,776)
Support services			
School administration			
Employee benefits	13,906	12,460	1,446
Student support			
Employee benefits	9,569	13,477	(3,908)
Instructional support			
Employee benefits	50,039	13,985	36,054
General administration			
Employee benefits	5,596	7,883	(2,287)
Other supplemental services			
Employee benefits	12,394	12,205	189
Operations and maintenance			
Employee benefits	15,652	17,545	(1,893)
Student transportation services			
Employee benefits	5,303	5,594	(291)
Food service			
Employee benefits	8,904	9,916	(1,012)
TOTAL EXPENDITURES	<u>233,797</u>	<u>\$ 254,275</u>	<u>\$ (20,478)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	-		
UNENCUMBERED CASH, BEGINNING	<u>-</u>		
UNENCUMBERED CASH, ENDING	<u>\$ -</u>		

The notes to the financial statements are an integral part of this statement.

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376
Sterling, Kansas

AT RISK FUND (4 YEAR OLD)
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For the Fiscal Year Ended June 30, 2009

Statement 3
Page 15 of 19

	Actual	Budget	Variance Over (Under)
CASH RECEIPTS			
Transfer from general	\$ 1,975	\$ 15,000	\$ (13,025)
Transfer from supplemental general	9,988	3,000	6,988
TOTAL CASH RECEIPTS	<u>11,963</u>	<u>\$ 18,000</u>	<u>\$ (6,037)</u>
EXPENDITURES			
Instruction			
Salaries			
Certified	9,900	\$ 15,000	\$ (5,100)
Supplies			
Textbooks	683	-	683
Miscellaneous	-	3,000	(3,000)
Property	1,380	-	1,380
TOTAL EXPENDITURES	<u>11,963</u>	<u>\$ 18,000</u>	<u>\$ (6,037)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	-		
UNENCUMBERED CASH, BEGINNING	-		
UNENCUMBERED CASH, ENDING	<u>\$ -</u>		

The notes to the financial statements are an integral part of this statement.

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376
Sterling, Kansas

AT RISK FUND (K-12)
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For the Fiscal Year Ended June 30, 2009

Statement 3
Page 16 of 19

	Actual	Budget	Variance Over (Under)
CASH RECEIPTS			
Transfer from general	\$ 219,188	\$ 220,000	\$ (812)
Transfer from supplemental general	140,925	140,000	925
TOTAL CASH RECEIPTS	<u>360,113</u>	<u>\$ 360,000</u>	<u>\$ 113</u>
EXPENDITURES			
Instruction			
Salaries			
Certified	304,591	\$ 179,000	\$ 125,591
Noncertified	24,924	23,560	1,364
Employee benefits			
Insurance	11,790	8,200	3,590
Social Security	12,447	11,650	797
Other	157	252	(95)
Purchased professional services	5,309	-	5,309
Other purchased services	-	115,000	(115,000)
Supplies			
General supplemental	636	1,800	(1,164)
Textbooks	-	1,800	(1,800)
Supplies (technology)	259	4,000	(3,741)
Miscellaneous supplies	-	10,238	(10,238)
Property	-	2,500	(2,500)
Student support services			
Purchase professional and technical services	-	2,000	(2,000)
TOTAL EXPENDITURES	<u>360,113</u>	<u>\$ 360,000</u>	<u>\$ 113</u>
RECEIPTS OVER (UNDER) EXPENDITURES	-		
UNENCUMBERED CASH, BEGINNING	-		
UNENCUMBERED CASH, ENDING	<u>\$ -</u>		

The notes to the financial statements are an integral part of this statement.

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376
Sterling, Kansas

BOND AND INTEREST FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For the Fiscal Year Ended June 30, 2009

Statement 3
Page 17 of 19

	Actual	Budget	Variance Over (Under)
CASH RECEIPTS			
Bond proceeds	\$ 116,326	\$ -	\$ 116,326
Premium	256,242	-	256,242
Accrued interest	33,784	-	33,784
	<u>406,352</u>	<u>\$ -</u>	<u>\$ 406,352</u>
TOTAL CASH RECEIPTS			
EXPENDITURES			
Bond principal	115,000	\$ -	\$ 115,000
Interest coupons	1,326	-	1,326
	<u>116,326</u>	<u>\$ -</u>	<u>\$ 116,326</u>
TOTAL EXPENDITURES			
RECEIPTS OVER (UNDER) EXPENDITURES	290,026		
UNENCUMBERED CASH, BEGINNING	<u>-</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 290,026</u>		

The notes to the financial statements are an integral part of this statement.

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376
Sterling, Kansas

NONBUDGETED FUNDS
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
For the Fiscal Year Ended June 30, 2009

Statement 3
Page 18 of 19

	Contingency Reserve	Memorial Scholarship	Uniform Replacement	Other Grants	Textbook Rental
CASH RECEIPTS					
Fees	\$ -	\$ -	\$ 100	\$ -	\$ 10,720
Grant revenue	-	-	-	1,800	-
Contributions	-	9,342	-	-	-
Interest income	-	5,666	-	-	-
	<u>-</u>	<u>15,008</u>	<u>100</u>	<u>1,800</u>	<u>10,720</u>
TOTAL CASH RECEIPTS	<u>-</u>	<u>15,008</u>	<u>100</u>	<u>1,800</u>	<u>10,720</u>
EXPENDITURES					
Instructional					
Textbooks	-	-	-	-	24,193
Support services					
Operational of noninstructional services					
Scholarships	-	6,457	-	-	-
Other	-	-	1,880	2,562	-
	<u>-</u>	<u>6,457</u>	<u>1,880</u>	<u>2,562</u>	<u>24,193</u>
TOTAL EXPENDITURES	<u>-</u>	<u>6,457</u>	<u>1,880</u>	<u>2,562</u>	<u>24,193</u>
RECEIPTS OVER (UNDER) EXPENDITURES	<u>-</u>	<u>8,551</u>	<u>(1,780)</u>	<u>(762)</u>	<u>(13,473)</u>
UNENCUMBERED CASH, BEGINNING	<u>42,498</u>	<u>145,820</u>	<u>21,187</u>	<u>1,000</u>	<u>14,593</u>
UNENCUMBERED CASH, ENDING	<u>\$ 42,498</u>	<u>\$ 154,371</u>	<u>\$ 19,407</u>	<u>\$ 238</u>	<u>\$ 1,120</u>

The notes to the financial statements are an integral part of this statement.

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376
Sterling, Kansas

CAPITAL PROJECTS NONBUDGETED FUNDS
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
For the Fiscal Year Ended June 30, 2009

Statement 3
Page 19 of 19

	<u>Facility Improvements</u>
CASH RECEIPTS	
Bond proceeds	\$ 20,398,674
Premiums	353,388
Interest income	<u>9,982</u>
TOTAL CASH RECEIPTS	<u>20,762,044</u>
EXPENDITURES	
Construction	558,923
Cost of issuance	<u>469,500</u>
TOTAL EXPENDITURES	<u>1,028,423</u>
RECEIPTS OVER (UNDER) EXPENDITURES	19,733,621
UNENCUMBERED CASH, BEGINNING	<u>-</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 19,733,621</u></u>

The notes to the financial statements are an integral part of this statement.

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376
Sterling, Kansas

AGENCY FUNDS
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - REGULATORY BASIS
For the Fiscal Year Ended June 30, 2009

Statement 4

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
STERLING HIGH SCHOOL				
N.H.S.	\$ 793	\$ 355	\$ 439	\$ 709
Yearbook	1,850	8,096	8,962	984
Student council	2,869	2,612	2,626	2,855
Class of 2011	70	134	-	204
Class of 2010	653	3,961	4,493	121
Class of 2009	349	-	349	-
Debate	180	835	1,015	-
American sign language	33	1,079	546	566
F.C.C.L.A.	347	2,275	1,659	963
Scholars bowl	870	510	1,011	369
S-Club	904	146	500	550
Drama	295	-	-	295
Science Club	616	-	319	297
Cheerleaders	431	452	883	-
Band	9,092	13,413	18,758	3,747
Sterling Singers	1,074	924	803	1,195
Concessions	2,792	26,098	24,212	4,678
Dance team	71	-	71	-
TOTAL STERLING HIGH SCHOOL	<u>23,289</u>	<u>60,890</u>	<u>66,646</u>	<u>17,533</u>
STERLING JUNIOR HIGH SCHOOL				
J-Teens	595	2,190	2,069	716
A Few Good Men	303	13	226	90
DFYIT	-	125	52	73
Science fair	85	78	98	65
Student council	738	1,206	1,215	729
TOTAL STERLING JUNIOR HIGH SCHOOL	<u>1,721</u>	<u>3,612</u>	<u>3,660</u>	<u>1,673</u>
TOTAL AGENCY FUNDS	<u>\$ 25,010</u>	<u>\$ 64,502</u>	<u>\$ 70,306</u>	<u>\$ 19,206</u>

The notes to the financial statements are an integral part of this statement.

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376
Sterling, Kansas

DISTRICT ACTIVITY FUNDS
STATEMENT OF CASH RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH - REGULATORY BASIS
For the Fiscal Year Ended June 30, 2009

Statement 5

	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
DISTRICT ACTIVITY FUNDS							
Athletics							
Sterling High School	\$ 3,424	-	\$ 31,916	\$ 35,340	\$ -	-	\$ -
School activities							
Sterling Grade School	6,197	-	2,865	5,509	3,553	-	3,553
TOTAL DISTRICT ACTIVITY FUNDS	<u>\$ 9,621</u>	<u>\$ -</u>	<u>\$ 34,781</u>	<u>\$ 40,849</u>	<u>\$ 3,553</u>	<u>\$ -</u>	<u>\$ 3,553</u>

The notes to the financial statements are an integral part of this statement.

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376
Sterling, Kansas

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376 RECREATION COMMISSION
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
For the Fiscal Year Ended June 30, 2009

	Statement 6
	<u>Actual</u>
CASH RECEIPTS	
Appropriation U.S.D. No. 376	\$ 79,606
Donations	4,800
Fees and other	50,791
Interest on idle funds	<u>130</u>
TOTAL CASH RECEIPTS	<u>135,327</u>
EXPENDITURES	
Advertising	1,015
Accounting	1,300
Payroll expenses	4,596
Insurance	3,861
Wages	45,657
Silver threads operating fund	6,600
Softball/baseball	5,990
Basketball	2,983
Swimming lessons	2,051
Golf	880
Tennis	20
Office expense and miscellaneous	5,278
Open gym	425
Sterling striders	250
Volleyball	328
Concession stand	29
Wellness Center	<u>35,208</u>
TOTAL EXPENDITURES	<u>116,471</u>
RECEIPTS OVER (UNDER) EXPENDITURES	18,856
UNENCUMBERED CASH, BEGINNING	<u>30,847</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 49,703</u></u>

The notes to the financial statements are an integral part of this statement.

RICE COUNTY UNIFIED SCHOOL DISTRICT NO. 376
Sterling, Kansas

NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

Rice County Unified School District No. 376 (U.S.D. 376) is a municipal corporation governed by an elected seven-member board. These financial statements present U.S.D. 376 and its component unit. The component unit is included in U.S.D. 376's reporting entity because of the significance of its operation and financial relationship with U.S.D. 376.

Discretely Presented Component Unit

The component unit section of the financial statements includes the financial data of the discretely presented component unit. This component unit is reported separately to emphasize that it is legally separate from U.S.D. 376. The governing body of this component unit is appointed by U.S.D. 376. U.S.D. 376 Recreation Commission oversees recreational activities. The Recreation Commission can sue and be sued, but acquisition of real property by the Commission must be approved by U.S.D. 376. U.S.D. 376 levies taxes for the Recreation Commission. Bond issuances must be approved by U.S.D. 376.

Basis of Presentation - Fund Accounting

The accounts of U.S.D. 376 are organized on the basis of funds, each of which is considered a separate accounting entity. The U.S.D. 376 has created several types of funds and a number of discrete funds within each fund type. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue, and expenditures/expenses. The individual funds account for U.S.D. 376's resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions.

The following types of funds comprise the financial activities of U.S.D. 376 for the year ended June 30, 2009:

Governmental funds

General fund—to account for all unrestricted resources except those required to be accounted for in another fund.

Special revenue funds—to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are restricted by law or administrative action to expenditure for specified purposes.

Capital project funds—to account for the financial resources segregated for the acquisition or construction of major capital facilities and improvements.

Debt service funds—to account for the accumulation of resources for, and the payment of, interest and principal on general long-term debt, and the financing of special assessments which are general obligations of U.S.D. 376.

Fiduciary funds

Trust and agency funds—to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include (a) expendable trust funds, (b) nonexpendable trust funds, (c) pension funds, and (d) agency funds.

Statutory Basis of Accounting

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Revenues are recognized when received rather than when they are earned and certain expenditures are recorded when paid rather than when they are incurred. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

The basis of accounting described above results in a financial statement presentation, which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that include noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year-end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with accounting principles generally accepted in the United States. General fixed assets that account for the land, buildings, and equipment owned by the municipality are not presented in the financial statements.

The U.S.D. 376 has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the statutory basis of accounting.

Compensated Absences

Certified employees do not earn vacation pay. Accumulated sick leave is compensated as follows:

1. At the conclusion of their current contractual year, the employee will be compensated by the U.S.D. 376 at the rate of \$45.00 per day for all accumulated, unused sick leave in excess of the carryover maximum of fifty (50) days per year. Said payment will be made in a lump sum payment on June 30.
2. Upon retirement from the U.S.D. 376, the employee will be compensated by the U.S.D. 376 at the rate of \$45.00 per day for all eligible unused sick leave and/or vacation time. Said payment shall be made in a lump sum payment on June 30.

The estimated liability for accumulated sick leave as of June 30, 2009, is \$116,051.

Reimbursed Expenses (Qualifying Budget Credit)

Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statements meet the following criteria: (1) the related disbursement was made in the current year on behalf of the payee, (2) the item paid for was directly identifiable as having been used by or provided to the payee, and (3) the amount of the reimbursed expense was directly tied to the amount of the original cash disbursement.

Use of Estimates

The process of preparing financial statements requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates relate primarily to unsettled transactions and events as of the date of the financial statements. Accordingly, upon statement, actual results may differ from estimated amounts.

NOTE 2—BUDGETARY INFORMATION

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds, (unless specifically exempted by statute), debt service funds, and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1.
2. Publication in the local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5.
3. Public hearing on or before August 15, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. During the year, budget amendments were adopted for the following funds – general, special education.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital projects funds, trust funds, and the following special revenue funds:

U.S.D. 376 activity funds	Other grants fund
Memorial scholarship fund	Uniform replacement fund
Contingency reserve fund	Textbook rental fund

Spending in funds which are not subject to the legal annual operating budget requirements is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

The county clerk must calculate the final tax levy rates necessary to finance the budget subject to any legal limitations. After all budgets have been received and tax rates calculated, the clerk certifies the tax roll to the county treasurer, who prepares tax statements and receives payment.

These taxes become a lien against all property November 1. Taxpayers have the option of paying in full or in two installments. The delinquency dates are December 20 and May 10.

Taxes levied to finance the budget are made available to the U.S.D. 376 after January 1 and are distributed by the county treasurer approximately every month and a half. At least 50% of the taxes levied are available in January. Delinquent tax collections are distributed throughout the year.

NOTE 3—DEPOSITS AND INVESTMENTS

U.S.D. 376 maintains a cash and investment pool that is used by all funds. Each fund's portion of this pool is displayed on the Summary of Cash Receipts, Expenditures, and Unencumbered Cash. The cash balances of certain funds are restricted as to their use.

As of June 30, 2009, the U.S.D. 376 has the following investments.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>
Kansas Municipal Investment Pool	<u>\$ 15,151,930</u>	S&P AAf/S1+

K.S.A. 9-1401 establishes the depositories which may be used by the U.S.D. 376. The statute requires banks eligible to hold U.S.D. 376's funds have a main or branch bank in the county in which U.S.D. 376 is located and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. U.S.D. 376 has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the U.S.D. 376's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; United States government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The U.S.D. 376 has no investment policy that would further limit its investment choices. The rating of the U.S.D. 376's investments is noted above.

Concentration of Credit Risk

State statutes place no limit on the amount the U.S.D. 376 may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, U.S.D. 376's deposits may not be returned to it. State statutes require U.S.D. 376's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at June 30, 2009.

Deposits

At June 30, 2009, U.S.D. 376's carrying amount of deposits was \$6,013,240 and the bank balance was \$5,659,615. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$500,000 was covered by federal depository insurance, and \$5,159,615 was collateralized with securities held by the pledging financial institutions' agents in the U.S.D. 376's name.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the U.S.D. 376 will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

Component Unit

The U.S.D. 376's component unit deposits were fully insured at June 30, 2009.

At June 30, 2009, the U.S.D. 376 had invested \$15,151,930 in the State's municipal investment pool. The municipal investment pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the state treasurer and four additional members appointed by the state governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligation of, or obligations that are insured as to principal and interest, by the United States government or any agency thereof, with maturities up to four years. No more than 10% of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

NOTE 4—DEFINED BENEFIT PENSION PLAN

Plan Description

U.S.D. 376 participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 South Kansas Avenue, Suite 100, Topeka, KS 66603-3803) or by calling 1-888-275-5737.

Funding Policy

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate of 4.00% of covered salary. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas' average contribution rate for the years ended June 30, 2009, 2008, and 2007, were 6.54%, 5.93%, and 5.77% of covered payroll, respectively. These contribution requirements are established by KPERS and are periodically revised. Kansas' contributions to KPERS for all Kansas public school employees for the years ended June 30, 2009, 2008, and 2007, were \$242,277,363, \$220,815,154, and \$192,425,626, respectively, equal to the statutory required contributions for each year.

NOTE 5—LONG-TERM DEBT

Terms for long-term liabilities for the U.S.D. 376 for the year ended June 30, 2009, were as follows:

Issue	Interest Rates	Date of Issue	Interest Due	Principal Due	Amount of Issue	Date of Final Maturity
General obligation bonds						
Series 2008A	2.50% to 5.00%	12/15/08	3-1, 9-1	9-1	\$ 2,000,000	09/01/28
Series 2009A	3.00% to 5.25%	05/01/09	3-1, 9-1	9-1	18,515,000	09/01/35
Capital leases with First Bank						
EPM Temperature Control	4.47%	11/25/03			195,689	07/15/13
Wellness Center	3.70%	06/14/04			160,000	02/15/14
Capital lease with First Bank						
Special education bus	4.15%	12/29/04			59,989	12/29/08

Changes in long-term liabilities for U.S.D. 376 for the year ended June 30, 2009, were as follows:

Issue	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General obligation bonds					
Series 2008A	\$ -	\$ 2,000,000	\$ 115,000	\$ 1,885,000	\$ 1,326
Series 2009A	-	18,515,000	-	18,515,000	-
Capital leases with First Bank					
EPM Temperature Control	125,107	-	18,580	106,527	5,735
Wellness Center	112,137	-	11,795	100,342	4,205
Capital lease with First Bank					
Special education bus	12,475	-	12,475	-	518
	249,719	20,515,000	157,850	20,606,869	11,784
Compensated absences	124,008	-	7,957	116,051	-
	<u>\$ 373,727</u>	<u>\$ 20,515,000</u>	<u>\$ 165,807</u>	<u>\$ 20,722,920</u>	<u>\$ 11,784</u>

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:

	Principal		Interest		Total Principal and Interest
	General Obligation Bonds	Capital Leases	General Obligation Bonds	Capital Leases	
2010	\$ -	\$ 31,683	\$ 1,284,846	\$ 8,632	\$ 1,325,161
2011	75,000	33,031	986,776	7,285	1,102,092
2012	110,000	34,436	984,526	5,879	1,134,841
2013	145,000	35,896	981,226	4,419	1,166,541
2014	180,000	71,823	976,876	2,884	1,231,583
2015-2019	1,585,000	-	4,758,180	-	6,343,180
2020-2024	3,060,000	-	4,293,866	-	7,353,866
2025-2029	5,160,000	-	3,360,315	-	8,520,315
2030-2034	8,040,000	-	1,827,752	-	9,867,752
2035-2039	2,045,000	-	107,363	-	2,152,363
	<u>\$ 20,400,000</u>	<u>\$ 206,869</u>	<u>\$ 19,561,726</u>	<u>\$ 29,099</u>	<u>\$ 40,197,694</u>

NOTE 6—TRANSFERS

Operating transfers were as follows:

Amount	From	To	Authority
\$ 15,148	General	Professional development	K.S.A. 72-6428
425,933	General	Special education	K.S.A. 72-6428
190,021	General	Vocational education	K.S.A. 72-6428
72,911	General	Food service	K.S.A. 72-6428
1,975	General	At risk fund (4 year old)	K.S.A. 72-6428
219,188	General	At risk fund (K-12)	K.S.A. 72-6428
426,380	Supplemental general	Special education	K.S.A. 72-6433
9,988	Supplemental general	At risk fund (4 year old)	K.S.A. 72-6433
140,925	Supplemental general	At risk fund (K-12)	K.S.A. 72-6433

NOTE 7—RELATED PARTY BALANCES AND TRANSACTIONS

U.S.D. 376 had the following related party balances and transactions due to the relationship between U.S.D. 376 board members and officers of First Bank, a subsidiary of Coronado, Inc. First Bank held bank accounts and lease purchase agreements for U.S.D. 376 as presented in statement 1 and note 5. U.S.D. 376 also paid insurance premiums in the amount of \$75,478 from First Group Insurance, Inc., a subsidiary of Coronado, Inc.

NOTE 8—POST EMPLOYMENT BENEFITS

The U.S.D. 376 has an early retirement incentive program which applies to all eligible certified employees. An employee satisfying the following requirements is eligible for early retirement:

- A. Currently a certified employee who has served a minimum of fifteen (15) consecutive years in U.S.D. 376 and,
- B. Is not less than fifty-seven (57) years of age and not more than sixty-four (64) years of age on/or before September 1 of the year in which early retirement is requested; or anyone who meets the KPERS 85 point early retirement plan.
- C. An employee may apply for early retirement by giving written notice to the superintendent and board of education no later than the tenth day of May preceding the anticipated retirement date.

The early retirement benefit shall be computed by the following formula:

- A. Determine the applicant's final salary and benefits as contained in the last contract between the applicant and U.S.D. 376.
- B. Multiply this amount by 15%. This is the maximum allowable early retirement benefit.
- C. Annual payment schedule:
 - a. For a person retiring at age 60 or earlier, the maximum annual benefit as computed in "B" shall be allowed and shall be payable over a five year period in five annual installments.
 - b. For a person retiring at age 61, the allowable benefit shall be the maximum annual benefit as computed in "B" and shall be payable over a four year period in four annual installments.

- c. For a person retiring at age 62, the allowable benefit shall be the maximum annual benefit as computed in "B" and shall be payable over a three year period in three equal annual installments.
- d. For a person retiring at age 63, the allowable benefit shall be the maximum annual benefit as computed in "B" and shall be payable over a two year period in two equal annual installments.
- e. For a person retiring at age 64, the allowable benefit shall be the maximum annual benefit as computed in "B" and shall be payable within a one year period in one installment.

D. All early retirement benefits shall terminate automatically at the time of final payment or upon the death of the retiree, whichever shall come first.

The early retirement incentive program is authorized by K.S.A. 72-5395. The program is funded on a pay-as-you-go basis. During the year ended June 30, 2009, two early retirees were paid \$14,172 under this program.

The following is a schedule by year of future minimum early retirement payments:

<u>Year Ending June 30</u>	<u>Amount</u>
2010	\$ 14,172
2011	6,477
2012	6,477
2013	6,477
2014	-
	\$ 33,603

NOTE 9—LEASE AND OTHER COMMITMENTS

The U.S.D. 376 leases athletic and performing arts facilities from Sterling College. The U.S.D. 376 is also leasing copiers.

The U.S.D. 376 had rental expenses of \$37,155 for the operating leases for the year ended June 30, 2009.

The following is a schedule by year of future minimum rental payments required under the operating lease agreements:

<u>Year Ending June 30</u>	<u>Amount</u>
2010	\$ 37,383
2011	32,223
2012	25,000
2013	25,000
2014	25,000
2015-2019	100,000
	\$ 244,606

As part of the athletic lease, U.S.D. 376 is responsible for one-third of the annual maintenance costs not to exceed \$10,000 which can be paid with in-kind services.

NOTE 10—CAPITAL PROJECTS

At June 30, 2009, capital project authorizations with approved change orders compared with expenditures from inceptions are as follows:

	<u>Expenditures June 30, 2009</u>	<u>Project Authorization</u>
Facility improvements	<u>\$ 1,028,423</u>	<u>\$ 20,400,000</u>

NOTE 11—RISK MANAGEMENT

The U.S.D. 376 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries and sickness to employees; and natural disasters. U.S.D. 376 joined other Kansas school districts to participate in a health insurance public entity risk pool named Educational Services and Staff Development Association of Central Kansas Health Benefit Insurance Group. U.S.D. 376 pays monthly premiums to the pool for its health insurance coverage. ESSDACK Insurance Group is self-sustaining through member premiums and reinsures through commercial insurance companies for individual claims in excess of \$75,000 and aggregate limits dependent on the number of participants. Additional premiums may be due if total losses for the pool are different than what has been anticipated by ESSDACK management. If the pool fails, U.S.D. 376 may be required to pay its own obligations.

U.S.D. 376 continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 12—SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 1, 2009, the date which the financial statements were available for issue.

On July 9, 2009, U.S.D. 376 received their final state aid payments of \$280,506 for general and \$141,383 for supplemental general for fiscal year ending June 30, 2009. Per K.S.A. 72-6417 and K.S.A. 72-6434, U.S.D. 376 is to record any state aid to U.S.D. 376 on or after July 1 as a receipt for the school year ended on the preceding June 30.